



DEPARTMENT OF THE NAVY Financial Improvement Program

FIP Strategy Update
DON Standardization Pilot
2 June 2010



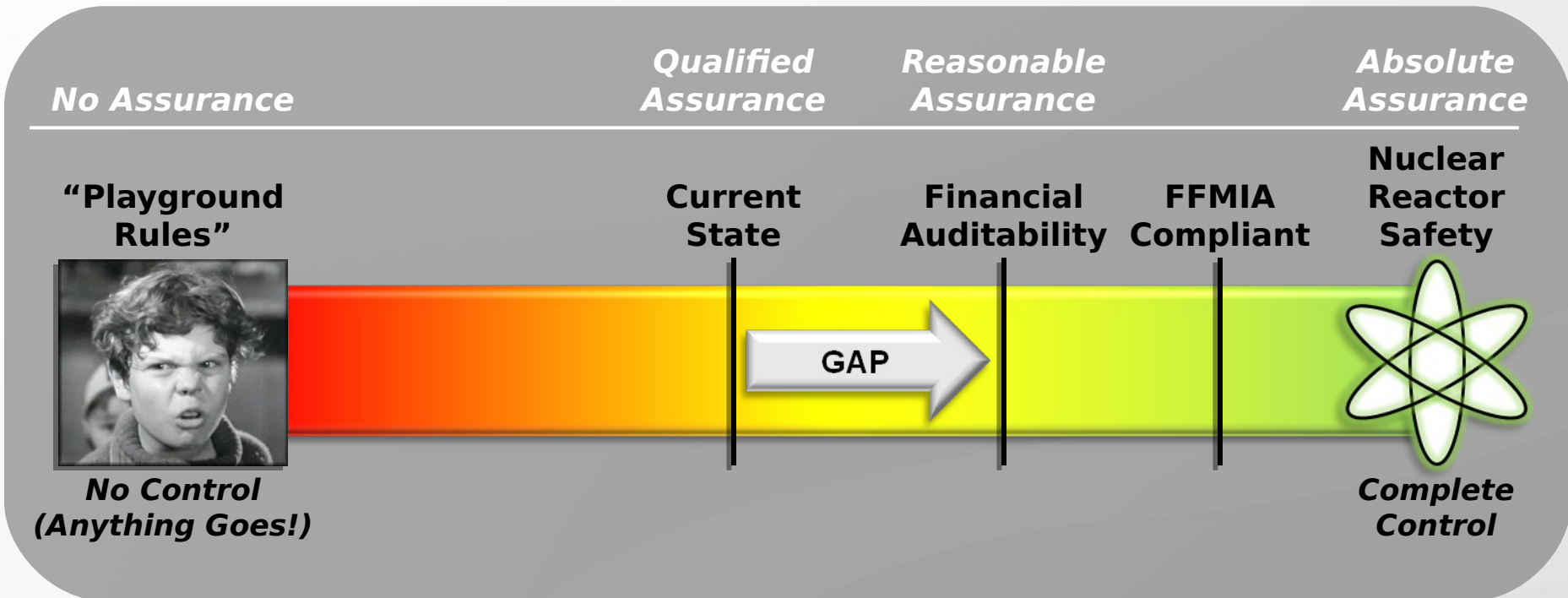
DEPARTMENT OF THE NAVY
Financial Improvement Program

Know your business. Control your future.
Test for Success.

Agenda

- DoD's Control Continuum
 - Strengthening Financial Management Depends on:
 - Improved Control Environment
 - Standardization
- FIP Update
 - SBR Strategy
 - Implementing Controls at the Command Level
- Standardization Pilot Plan

DoD Business “Control Continuum”



“Closing the Gap” Will Result In:

- Controls that are in place and tested
- More standard processes
- Implementing more capable

“Closing the Gap” Will Present Opportunities for:

- Improved operational efficiency
- Reduced vulnerability to fraud/waste
- Sustained public

Impetus for SBR Focus

- USD(C) memorandum strategy memo, dated 11 August 2009, requiring DoD Components to:
 - Improve information and processes supporting auditable financial statements
 - Primarily focus on improving budgetary information and processes (SBR)
 - Secondary goal to verify existence and completeness (E&C) of mission critical assets
- FY2010 National Defense Authorization Act
 - Make SBR auditability priority

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(1) IN GENERAL.—The Chief Management Officer of the Department of Defense shall, in consultation with the Under Secretary of Defense (Comptroller), develop and maintain a plan to be known as the “Financial Improvement and Audit Readiness Plan”.

(2) ELEMENTS.—The plan required by paragraph (1) shall—

(A) describe specific actions to be taken and the costs associated with—

(i) correcting the financial management deficiencies that impair the ability of

H. R. 2647

One Hundred Eleventh Congress of the United States of America

AT THE FIRST SESSION

Began and held at the City of Washington on Tuesday,
the sixth day of January, two thousand and nine.

An Act

To authorize appropriations for fiscal year 2010 for military activities of the Department of Defense, for military construction, and for defense activities of the Department of Energy, to prescribe military personnel strengths for such fiscal year, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “National Defense Authorization Act for Fiscal Year 2010”.

SEC. 2. ORGANIZATION OF ACT INTO DIVISIONS; TABLE OF CONTENTS.

(a) DIVISIONS.—This Act is organized into five divisions as follows:

- (1) Division A—Department of Defense Authorizations.
- (2) Division B—Military Construction Authorizations.
- (3) Division C—Department of Energy National Security Authorizations and Other Authorizations.
- (4) Division D—Funding tables.
- (5) Division E—Matthew Shepard and James Byrd, Jr. Hate Crimes Prevention Act.

(b) TABLE OF CONTENTS.—The table of contents for this Act is as follows:

- Sec. 1. Short title.
- Sec. 2. Organization of Act into divisions; table of contents.
- Sec. 3. Congressional defense committees.

DIVISION A—DEPARTMENT OF DEFENSE AUTHORIZATIONS

TITLE I—PROCUREMENT

Subtitle A—Authorization of Appropriations

- Sec. 101. Army.
- Sec. 102. Navy and Marine Corps.
- Sec. 103. Air Force.
- Sec. 104. Defense-wide activities.
- Sec. 105. National Guard and Reserve equipment.
- Sec. 106. Mine Resistant Ambush Protected Vehicle Fund.
- Sec. 107. Relation to funding table.

Subtitle B—Army Programs



UNDER SECRETARY OF DEFENSE
1100 DEFENSE PENTAGON
WASHINGTON, DC 20301-1100

AUG 11 2009

COMPTROLLER

MEMORANDUM FOR SECRETARY OF THE ARMY
SECRETARY OF THE NAVY
SECRETARY OF THE AIR FORCE
UNDER SECRETARY OF DEFENSE FOR ACQUISITION,
TECHNOLOGY, AND LOGISTICS
UNDER SECRETARY OF DEFENSE FOR PERSONNEL
AND READINESS
DEPUTY UNDER SECRETARY OF DEFENSE
(INSTALLATIONS AND ENVIRONMENT)
ASSISTANT DEPUTY CHIEF MANAGEMENT OFFICER
DIRECTORS OF THE DEFENSE AGENCIES
DIRECTOR, TRICARE MANAGEMENT ACTIVITY

Subject: Priorities for Improving Financial Information and Processes and Achieving Audit Readiness

This memorandum outlines the priorities the Department of Defense (DoD) will follow with regard to improving its financial information and processes and for achieving audit readiness.

Background:

The Chief Financial Officers (CFO) Act of 1990, along with subsequent legislation, requires that federal agencies produce auditable financial statements. The first and most important step in this process requires improving financial information to make it more useful and reliable for managers. Unqualified audit opinions are one result of this effort and serve useful purposes. They verify improvements in information and processes and provide independent reassurance to the public that DoD is a good steward of their tax dollars.

In recent years, the DoD has made progress toward improving financial information and processes supporting auditability. For example, the Army Corps of Engineers improved its financial information and achieved an unqualified audit opinion in 2008, and the United States Marine Corps is close to being ready for audit of its Statement of Budgetary Resources.

However, many of the hardest problems remain unresolved, including implementing compliant systems and valuing our significant investment in property and

USD(C) Hale Memo

Why Statement of Budgetary Resources (SBR)?

- **The SBR represents an opportunity for the DON to achieve a significant result and demonstrate progress to key stakeholders. Our logic for the SBR as an opportunity is based on:**
 - DoD's longstanding business practices are geared towards budgetary and fund accounting
 - Emphasizing SBR allows us to shift the focus from historical weaknesses such as the valuation and support of value of assets
 - The USMC has demonstrated progress and has set the bar for success
 - It's a quick win – relatively speaking
- **Importance of Achieving Success: Mandates, Credibility**
 - NDAA 2010: requires DoD to validate audit readiness by 2017
 - CFO Act: longstanding policy requiring compliance with GAAP
 - For our stakeholders (Congress, Executive Branch, taxpayers)
 - Demonstrate stewardship
 - Reduce cost of financial management through efficiencies



Statement of Budgetary Resources (SBR)

Snapshot

Department of Defense
Department of the Navy General Fund
COMBINED STATEMENT OF BUDGETARY RESOURCES
For the Years Ended September 30, 2009 and 2008
(\$ in Thousands)

	2009 Combined	2008 Combined
BUDGETARY FINANCING ACCOUNTS		
Budgetary Resources:		
Unobligated balance, brought forward, October 1	\$ 28,028,796	\$ 23,934,546
Recoveries of prior year unpaid obligations	24,029,026	20,966,590
Budget Authority:		
Appropriations received	165,257,844	162,740,229
Spending authority from offsetting collections:		
Earned		
Collected	7,806,105	7,252,127
Change in receivables from Federal sources	(144,220)	262,649
Change in unfilled customer orders		
Advances received	323,916	435,937
Without advance from Federal sources	78,479	305,473
Subtotal	173,322,124	170,996,415
Nonexpenditure Transfers, net, anticipated and actual	1,711,873	2,506,478
Permanently not available	(3,170,061)	(2,543,773)
Total Budgetary Resources	223,921,758	215,860,256
Status of Budgetary Resources:		
Obligations incurred:		
Direct	186,801,435	179,361,449
Reimbursable	10,215,890	8,470,011
Subtotal	197,017,325	187,831,460
Unobligated balance:		
Apportioned	23,899,972	25,329,935
Exempt from apportionment	-	-
Subtotal	23,899,972	25,329,935
Unobligated balances not available	3,004,461	2,698,861
Total Status of Budgetary Resources	\$ 223,921,758	\$ 215,860,256

Budgetary Resources

Status of Budgetary Resources

Net Outlays

*Example of the
SBR, 2009
figures:*

Changes in Obligated Balance

Department of Defense
Department of the Navy General Fund
COMBINED STATEMENT OF BUDGETARY RESOURCES
For the Years Ended September 30, 2009 and 2008
(\$ in Thousands)

RELATIONSHIP OF OBLIGATIONS TO OUTLAYS

Change in Obligated Balance:

	2009 Combined	2008 Combined
Obligated balance, net		
Unpaid obligations, brought forward, October 1	\$ 93,776,544	\$ 86,191,077
Less: Uncollected customer payments from Federal sources, brought forward, October 1	(3,864,218)	(3,296,095)
Total Unpaid Obligated Balance	89,912,326	82,894,982
Obligations incurred, net (+/-)	197,017,325	187,831,460
Less: Gross outlays	(165,217,414)	(159,279,403)
Less: Recoveries of prior year unpaid obligations, actual	(24,029,026)	(20,966,590)
Change in uncollected customer payments from Federal sources (+/-)	65,742	(568,123)
Obligated balance, net, end of period	101,547,429	93,776,544
Unpaid obligations		
Less: Uncollected customer payments from Federal sources	(3,798,476)	(3,864,218)
Total Unpaid Obligated Balance, net, end of period	97,748,953	89,912,326

Net Outlays:

Gross Outlays	165,217,414	159,279,403
Less: Offsetting collections	(8,130,022)	(7,688,063)
Less: Distributed Offsetting receipts	(321,451)	98,060
Net Outlays	\$ 156,765,941	\$ 151,689,400



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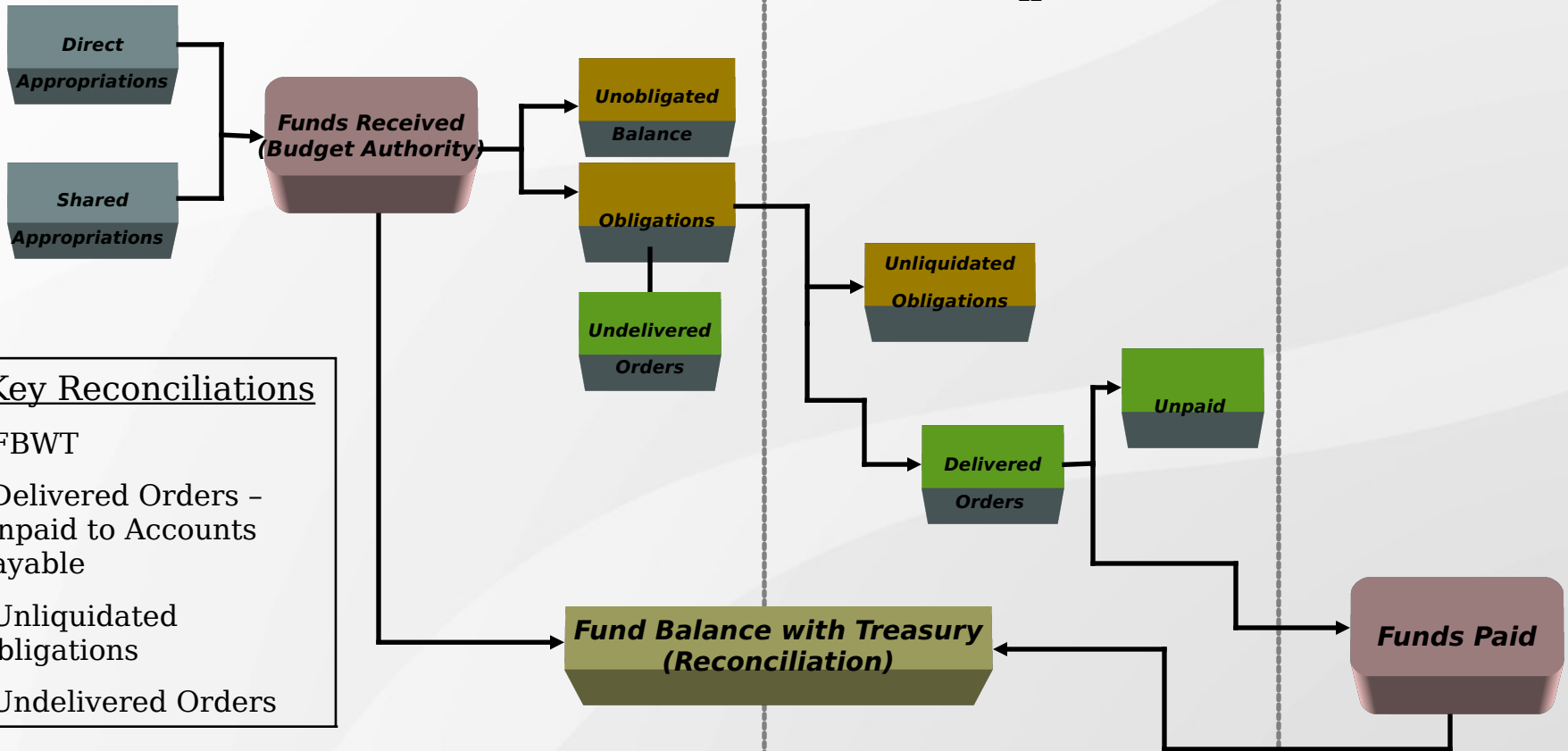
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SBR Business Cycles - Beginning to End

Budget Authority / Obligations

Expense Recognitio

Liquidations / Outlays



Key Reconciliations

- FBWT
- Delivered Orders – Unpaid to Accounts Payable
- Unliquidated Obligations
- Undelivered Orders

Reconciliation of FBWT links the beginning and end of the annual business cycles, which all individually feed the SBR. At the Financial Statement level, a Key Reconciliation must also occur: General Ledger to Unadjusted Trial Balance to Adjusted Trial Balance to the Financial Statement (SBR).

SBR Game Plan

- **The SBR plan is not a departure from the existing FIP strategy**
 - DON continues to emphasize the implementation of internal controls to mitigate and identify financial mis-statement
- **Evaluation of Enterprise**
 - Identify material segments / components of the business
 - Emphasize segments which impact the SBR
- **Identify and Engage Key Stakeholders**
 - Determine key contributors to key components
 - Engage and collaborate
- **Leverage Maturing Strategy**
 - Establish an effective internal control environment
 - Assess reported financial statement balances through substantive testing
 - Leverage lessons learned from USMC and DON Segment Assertions

Business Segment Summary	Assertion	FY09 Percent Total (Approximate)
OCS *	6/30/2011	47%
MILPAY	9/30/2012	27%
RWO Grantor	9/30/2011	17%
CIVPAY	Asserted 3/31/2010	6%
Rent, Comm, & Utilities	6/30/2011	1%
Transportation of People (TOP)	9/30/2010	1%
Transportation of Things (TOT)	TBD	1%
Other		Less than 1%
Total Object Class Code (OCC)		100.0%

* **Note:** Includes Budgeted figures for Acquire to Retire and Real Property Areas

Existence and Completeness (E&C) - What is it?

- Examining DON asset classes to determine if they are properly accounted for (not including valuation)
 - Test the controls of the Accountable System of Record (ASR) for asset classes (NVR for ships, AIRRS for aircraft, e.g.)
 - Are additions and deletions always captured properly?
 - Is there is an repeatable “inventory” method to verify the totals in the ASR?
- What is the value of this “exercise”?
 - Demonstrates stewardship of high-dollar-value assets
 - Avoids (in the near-term) the quandary of historical asset valuation
- DON E&C Quick Wins for FY2010 – Primarily an FMO Action Item
 - Major Military Equipment
 - Ships, Aircraft, ICBMs, Satellites
 - Comprises four-fifths of Military Equipment value



What We've Accomplished

- Asserted DON Civilian Pay Processes (March 2010)
 - Ready for validation, audit
 - Maturing internal controls environment at commands
 - Immaterial differences: DCPS pay-out vs. amounts recorded in accounting systems
- Asserted DON Funds Receipt and Distribution (May 2009)
 - DoDIG doing pre-audit validation
 - Maturing internal controls environment at major commands
 - Assertion based on Department-level controls
- USMC SBR Audit (Commenced September 2009)
 - Lessons Learned will help DON immensely



DON FIP Challenges

Challenge	How We Are Responding
Continue Steady, Two-way Communication Channels	•Tone from the Top: VCNO Personal For message, Leader ship direction such as NDAA 2010, presentations to Congress, GAO interest in FIPs •From the FIP PMO: Newsletters, monthly FIP TA Workgroup, facilitated sessions, monthly progress reports from Major Commands
Coordination with DON's Service Providers	•Where we need to revisit our efforts: Reaching out to DON's Service Providers, responding to Major Command Feedback •DFAS is the Key Player; cooperation must continue: •DFAS is our accountant: prepares DON Financial Statements •Jumping USMC SBR Audit hurdles such as FBWT reconciliation and Unadjusted Trial Balance/Adjusted Trial Balance reconciliation requires DFAS cooperation •DON's SBR will be much more formidable than USMC's: wide variety of accounting systems, far greater number of transactions
Building and Sustaining an Audit Readiness Infrastructure	•Continuing to work challenging efforts: Implementation of Command-level Internal Controls, BAM Tool Implementation, FBWT (including Collections and Disbursements), Financial Statement compilation analysis and testing •Audit Readiness is directly correlated to Internal Controls: Promoting awareness and understanding of the importance and use of strong internal controls across the enterprise; this is a major change management exercise •Developing Audit Support: Recognizing what resources an audit requires and preparing accordingly (e.g. audit liaison personnel assigned to USMC)

Lessons Learned: Assertion to Audit

Key Lessons Learned thus far can be grouped into four areas

Financial Environment

"Know Your Environment"

- Understand the flow of events and transactions from recognition through recording to reporting
- Reconciliation of: FBWT, UTB to ATP, DO-Unpaid to A/P, etc.
- Readily Available Source Docs
- Standard Internal Control Environment improves audit performance

Human Resource Management

"People Make the Difference"

- Quality people are needed in the auditee organization as well as in the external service providers
- Constant education of both auditor and auditee
- Must have the "Will to Win"
– Audit is unrelenting

Pathway to Success



Data Management

"Transmitting Timely and Accurate Information"

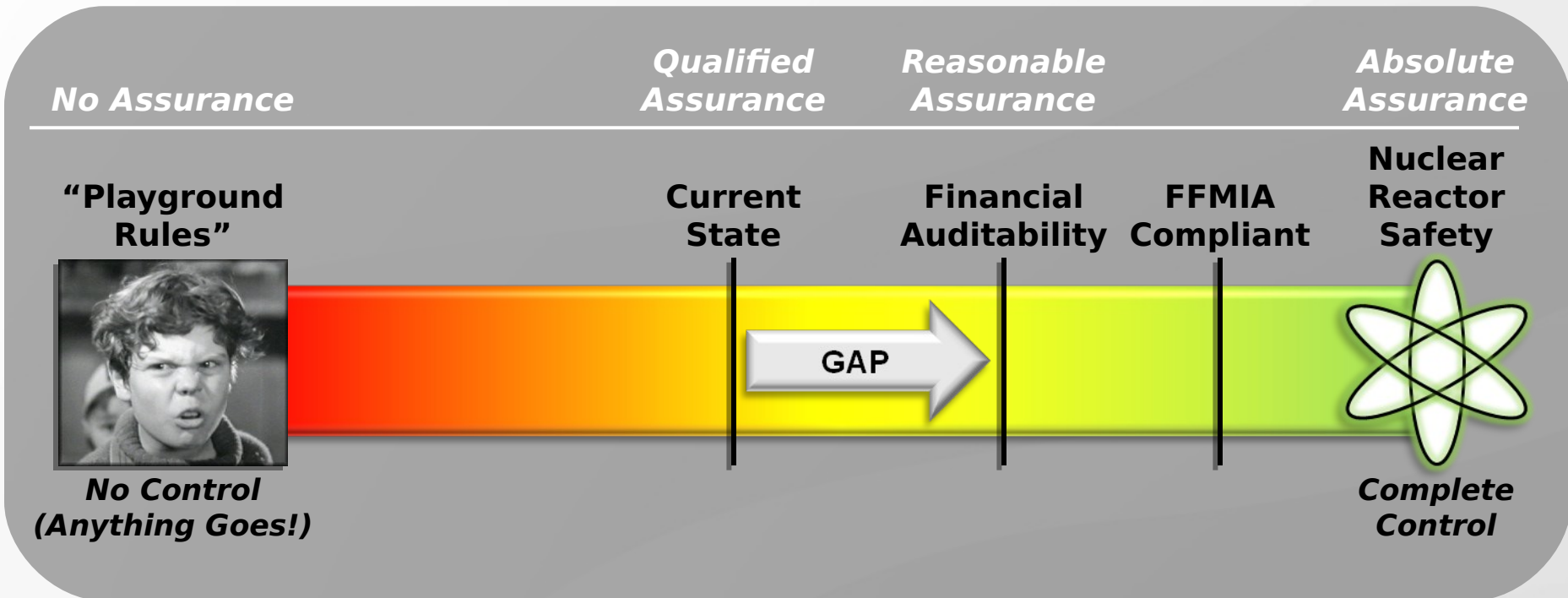
- Sample retrieval, submission, and tracking, as well as follow-up question management
- Sample Testing
- DoD/DON information security requirements
- Data requirements are large and complex – requires constant focus

Auditor-Auditee Communication

"Simple in Concept... Monumental in Execution"

- Know how to communicate with the auditor
- Assure clear understanding by all parties of business activities
- We know our business better than anyone, so be confident

DoD Business “Control Continuum”



“Closing the Gap” Will Result In:

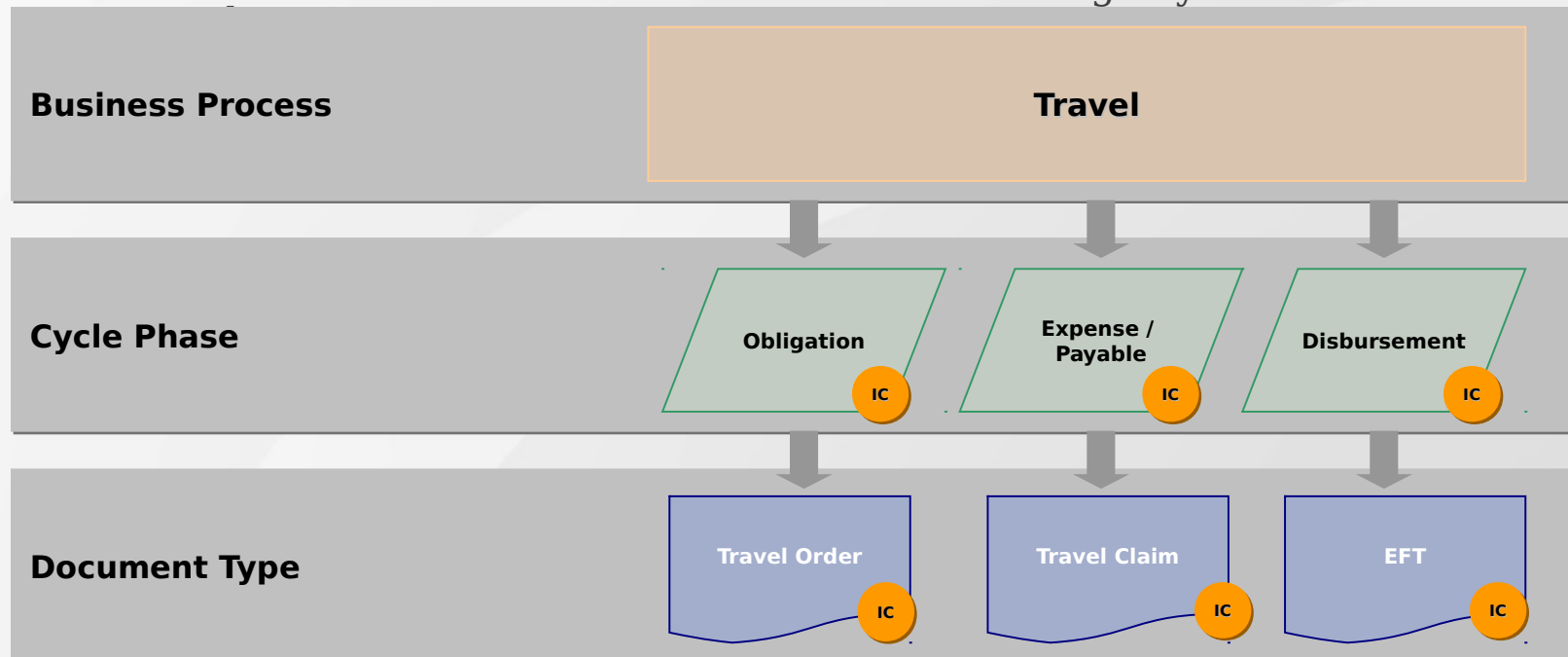
- Controls that are in place and tested
- More standard processes
- Implementing more capable

“Closing the Gap” Will Present Opportunities for:

- Improved operational efficiency
- Reduced vulnerability to fraud/waste
- Sustained public

To Achieve DON Audit Readiness, Commands Must Implement Controls

- **The FIP seeks to strengthen the internal control environment, DON:**
 - Reduces business process risk
 - Improves the ability to report and detect financial mis-statements
 - Reduce the requirements for substantive testing in the audit environment
- **For DON, to assert a business process, Commands are expected to:**
 - Implement internal controls that mitigate deficiencies/risk
 - Evaluate the effectiveness of those controls through cyclical internal



Next Steps: Action Items

Command Responsibilities

How FMO Can Support

Establishing a Way Ahead

- Align Command FIP efforts with DON priorities
- Define enterprise priorities
- Clearly define and communicate strategy to key stakeholders

Execute the Plan

- Conduct Gap Analyses, Test Internal Controls, Implement Corrective Actions non-existent/ineffective controls
- Provide resources (funding and FTEs) to execute program priorities
- Provide policy guidance and accelerators (Policy Memorandum, Tool Kits, Quick References, etc.)

Communicate

- Participate in FIP Workgroups, Facilitated Sessions
- Facilitate the FIP Workgroups and other ad hoc sessions
- Provide feedback on mitigating controls, best practices, etc.
- Share mitigating controls, best practices, etc.

Support the Goal

- Be prepared to support FMO in fulfilling transaction testing efforts
- Serve as a liaison to external partners (DFAS, DLA, etc)

SBR Summary

- **The SBR represents an opportunity for the DON to achieve a significant result and demonstrate progress to key stakeholders.**
 - USMC has paved the way
 - The plan emphasizes DON's strong suit: budgetary reporting
- **Success is dependent on a joint effort between FMO, Commands and DFAS**
 - FMO will provide resources and the Commands must drive the effort forward
- **Progress will be closely monitored by DoD, Congress and others**
 - DON must establish credible metrics to communicate progress
 - Monthly Scorecards

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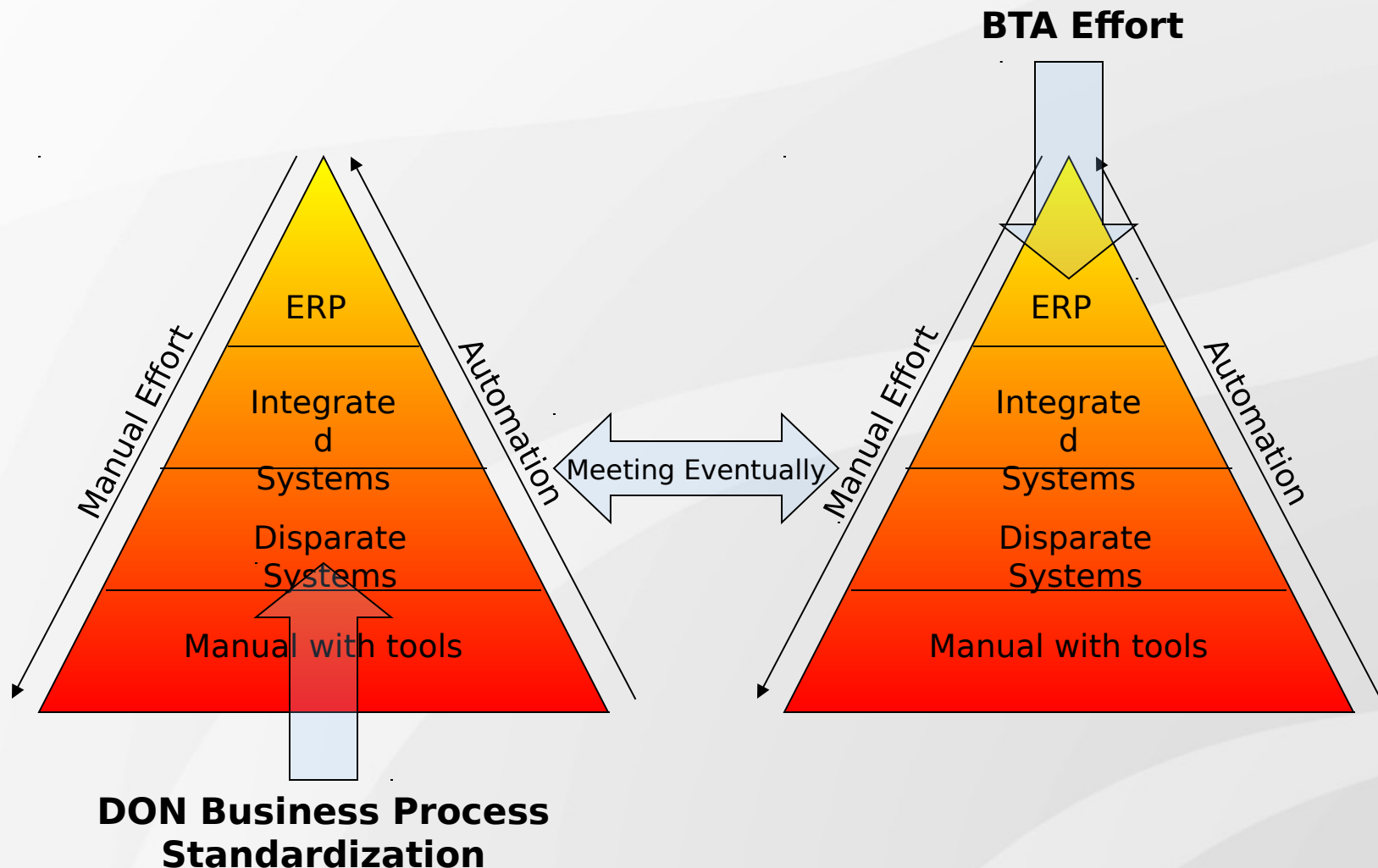
Financial Practices Standardization - Critical to Auditability

Accountability	Today	Tomorrow
• Standardized and documented financial practices	• NAVCOMPT Manual - Not Maintained	• DON Financial Practices Manual/Handbook
• Testing	• By Exception only	• Ongoing: FIP/ICOFR - Internal Controls - Transaction-level Controls - IT Controls
• Metrics	• By Exception only	- Financial Compliance • Ongoing: Monitoring

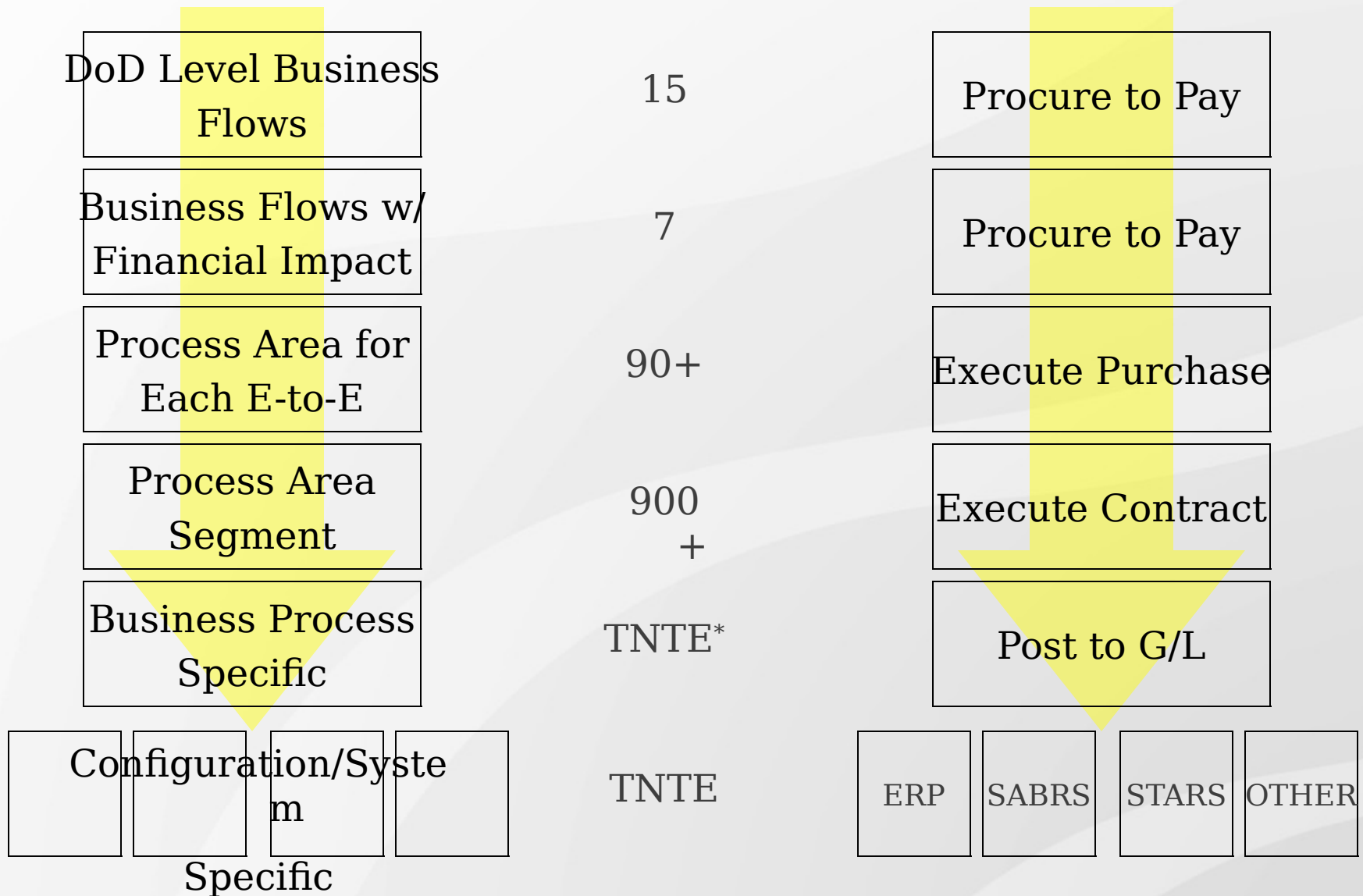
Requires effective governance, accountability and change management to ensure a sustainable alignment of people, processes and technology

Integrating DON Process Standardization & BTA Effort

Fastest way to build a bridge – start from both sides of the river



Unknowns We Face

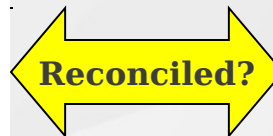


*TNTE=Too Numerous to Estimate

Starting Point for DON's Inventory of Business Processes

FIP Processes (713)

DON Business Process Segment	BTA E2E Process	FIP Status	Process Flows
1 Investments	Budget to Authorize	Asserted	1
2 Cash & Other Monetary Assets	Budget to Authorize	Asserted	6
3 Funds Receipt & Distribution	Budget to Authorize	Asserted	22
4 Environmental Weapons Liability	Environmental Liabilities	Asserted	2
5 Environmental Liability (DERP/OEL/BRAC)	Environmental Liabilities	Asserted	
6 Contingent Legal Liabilities	Post to Report	Asserted	1
7 Civilian Labor	Hire to Retire	In Process	23
8 Real Property (E & C)	Acquire to Retire	In Process	
9 Military Equipment (E & C)	Acquire to Retire	In Process	
10 Reimbursable Work Order (Performer/Seller)	Order to Cash	In Process	34
11 Travel	Procure to Pay	In Process	42
12 Collections	Order to Cash	In Process	38
13 Disbursements	Procure to Pay	In Process	9
14 Contract/Vendor Pay	Procure to Pay	In Process	
15 Reimbursable Work Order (Grantor/Buyer)	Procure to Pay	In Process	29
16 Military Labor (Includes PCS)	Hire to Retire	In Process	4
17 Real Property	Acquire to Retire	In Process	45
18 Military Equipment	Acquire to Retire	In Process	11
19 General Equipment	Acquire to Retire	In Process	22
20 Operating Materials & Supplies	Plan to Stock	In Process	10
21 Financial Reporting	Post to Report	In Process	23
22 Subsistence-In-Kind	Procure to Pay	In Process	3
23 Transportation of Things	Procure to Pay	In Process	41
24 Internal Use Software	Acquire to Retire	Not Started	2
25 Foreign Military Sales	Order to Cash	Not Started	5
26 Millstrips & Other Supplies	Procure to Pay	Not Started	
27 Rent, Communications & Utilities	Procure to Pay	Not Started	2
28 Leases	Procure to Pay	Not Started	
Inventory	Acquire to Retire		16
Other Contractual Services	Procure to Pay		49
Printing and Reproduction	Procure to Pay		1
Supplies and Materials	Procure to Pay		30
Not Associated			242
Total			713

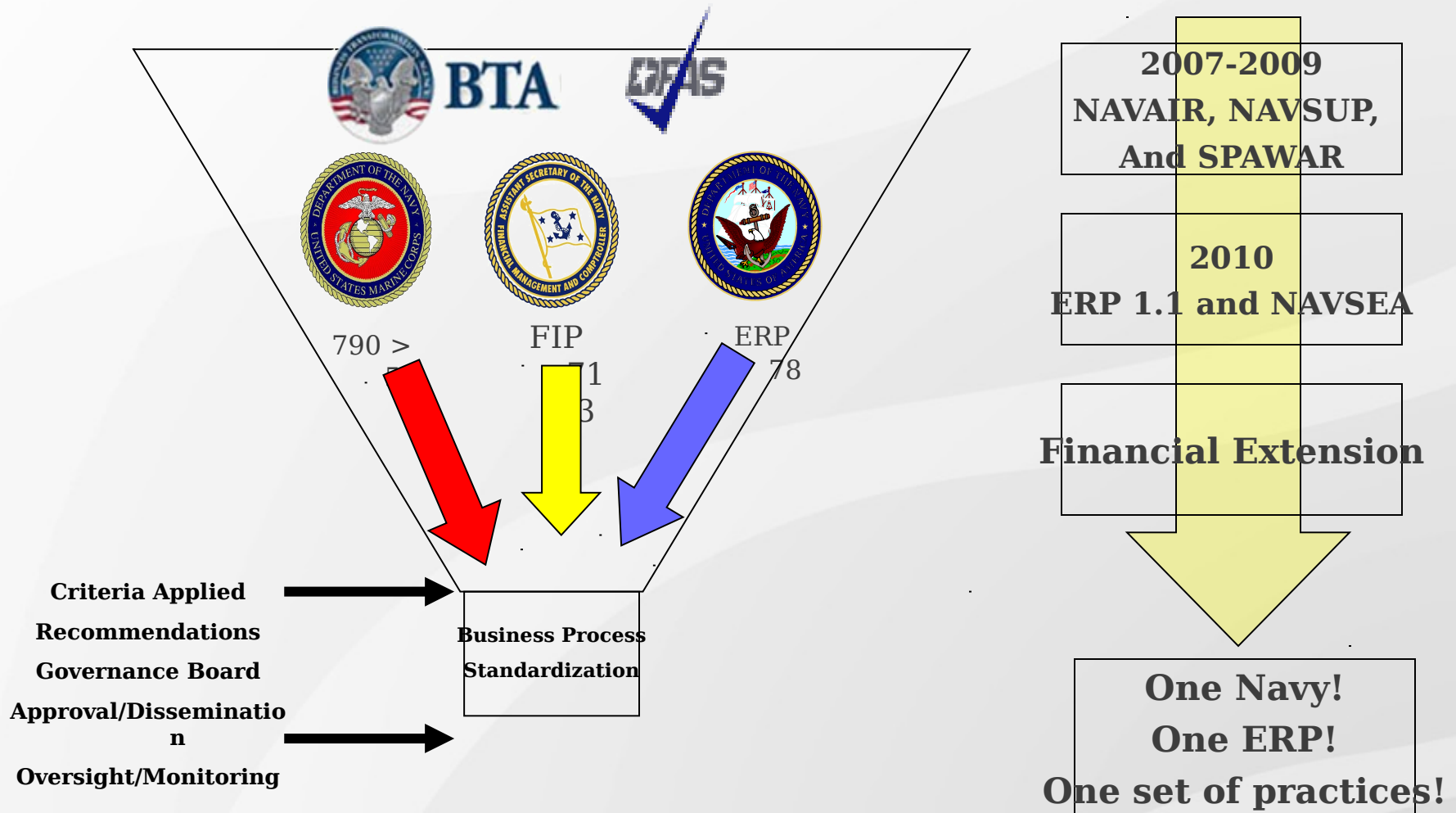


ERP Processes (36 Processes, 78 Sub-Processes)

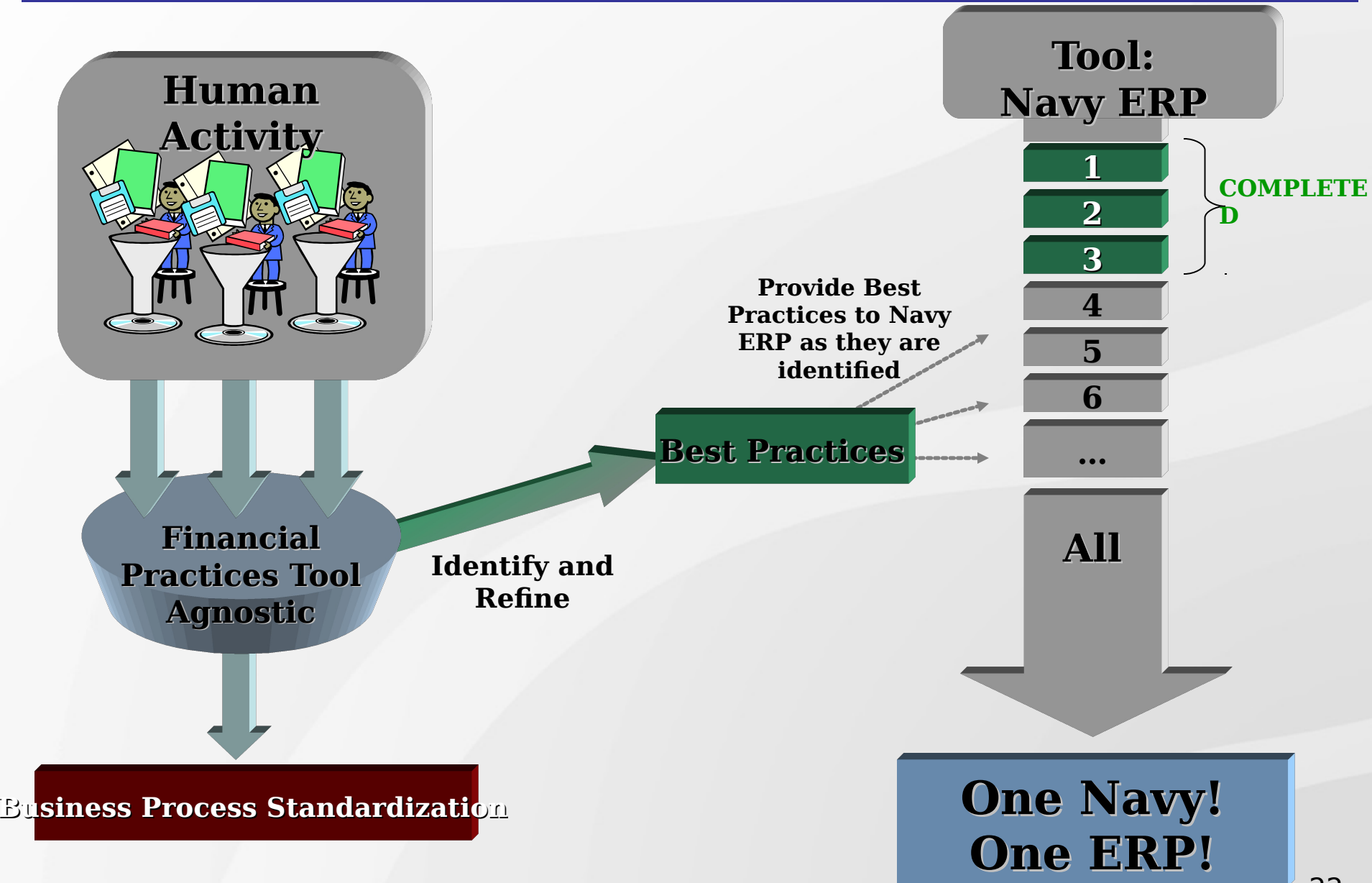
1	Perform Receipt Acceptance & Return	Electronic processing via WAWF
2	Process Invoice & Match	Manual Invoice processing
3	Source Goods & Services	Purchase Card (Credit Card)
4	Execute Requisition	Component Exception Processes
5	Execute Purchase	Create a PR/PO
6	Manage Contract	MILSTRIP Process
7		Direct Cite
8		Preponderance of Funds (Multi Funded Contract)
9		Reimbursable Funding Document
10		Misc Pay
11		Other Customer Funds
12		Foreign Military Sales
13	Execute Disbursement	F110 Process
14		Invoice Processor Exceptions
15		Certifier Exception Processes
16	Procure to Pay	Acquire (See P2P Section)
17	Consent to Product	May not be enterprise related process
18	Placement into Service	May not be enterprise related process
19	Manage Asset	Fixed Assets/Asset Accounting
20	Dispose Asset	
21	Perform Planning	Review Debit & Credit Memo Request
22	Perform Program Development	Obtain FMS Expenditure Authorization
23	Perform Budget Planning & Formulation	Billing
24	Distribute Budget	Print Paper Bills
25	Manage Budget	Certify Intragovernmental IPAC Transfers
26		Reconcile DCAS Payment and Collections to N-ERP Records
27		DDDF (UMD & UMC)
28		Accounts Receivable
29		BFM Packages
30		Gauging Allotments
31		Travel - FDS
32	Perform Reporting	Obligation by Object Class Report
33		SSR
34		ZDEF Report
35		APN Activity 9 (APN-9)
36		APN Activity 7 (APN-7)
37		APN 1-4
38		APN 5
39		FMS3 Status of Funds Report
40		National Foundation Science Report
41		OP-32
42		OP-5
43		OPN
44		P-32/R-32
45		PARMCO Budget Exhibits
46		PB-15 A&AS Budget Exhibit
47		PB-18 Exhibit Foreign Currency
48		RDTE
49		WPN Mod
50		WPN Regular
51		Generate Fund Seller Elimination Report
52		VCF Seller Elimination Report
53		Status of Receivables
54		Status of Reimbursable Orders
55	Manage Organization	Organizational Management
56	Acquire Human Resources	Personnel Admin
57	Time Management	Time Management
58	Maintain Human Resources	Business Warehouse
59	Separate or Retire Human Resources	
60	Develop Human Resources	Personnel Development
61		Training & Events Management
62	Establish Cost Accounting Procedures	TBD
63	Develop Cost Methodology	TBD
64	Perform Cost Assignment	TBD
65	Perform Period End Close	Perform Pre-Close Activities - Process Billing
66		Perform Pre-Close Activities - Notify Month End User Group
67		Create Month End Financial Postings
68		Close Month End Period
69		Perform Month End Financial Reporting
70		Perform Post-Close Activities - Reverse Accruals
71	Develop Reports	Year End Close
72	Create Inventory Plan	Inventory Management
73	Determine Source	
74	Receive and Accept	
75	Receive, Accept and Warehouse Inventory	
76	Distribute and Pre-Position Inventory	
77	Perform Inventory Management	
78	Dispose of Inventory	

Note: This is a notional list of processes to be determined which provides value from an enterprise perspective. Once determined - After the documentation Discovery Phase, can the Business Process Documentation (BPD) team better assess an estimated time to complete.

Beginning Inventory of Processes



Standardization, Navy ERP and Auditability

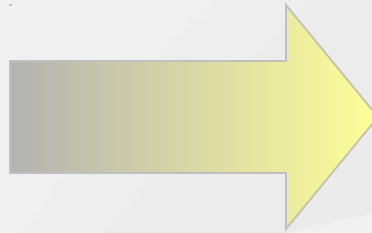


DON Financial Practices Standardization

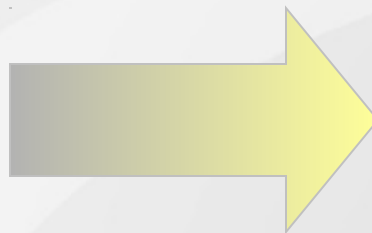
Objective: Standardize on the fewest possible instances used to execute financial business practices that results in the posting of financial transactions

Outcome:

Reduction in the number and variations of financial processes



Efficient and repeatable processes



Implication:

Easier implementation of information systems, BPR, and change management which support our financial processes

Easier and quicker segment assertions for audit readiness, and consistent validation and testing of Internal Controls

**STANDARD PROCESSES + TESTING + METRICS =
The Quickest Path to Obtaining and Maintaining a Clean
Audit**



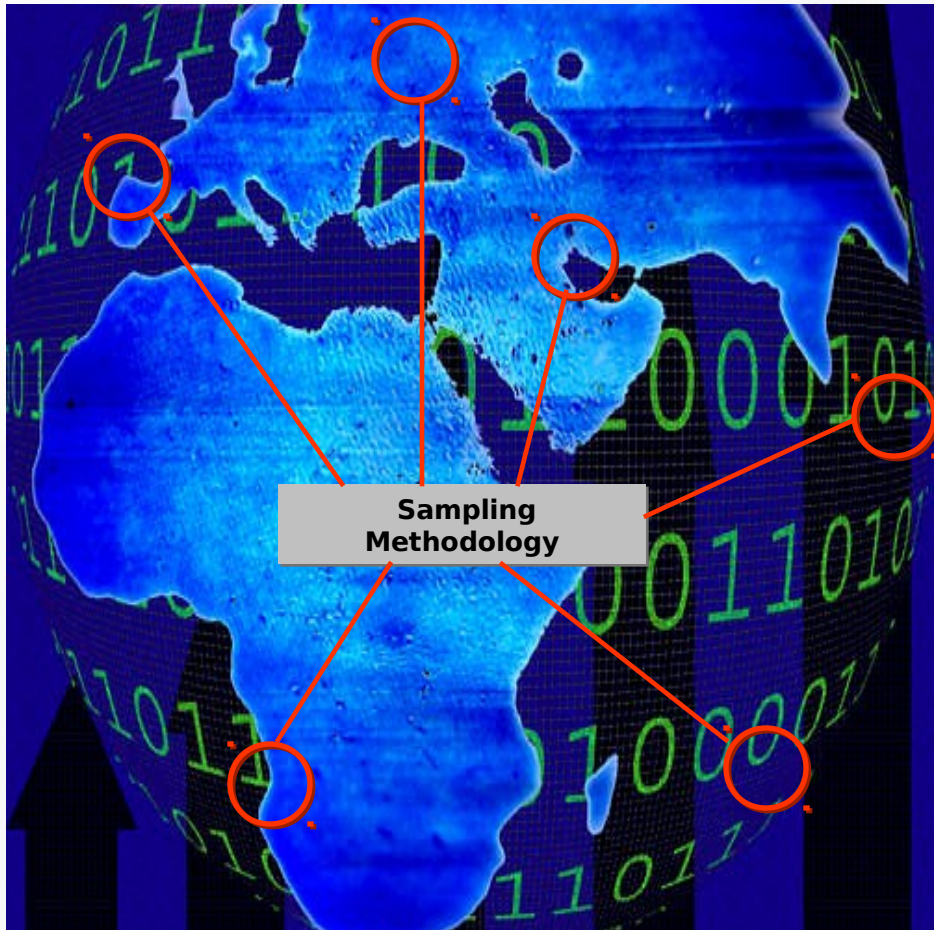
Back-Up



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Components of the SBR Plan: Substantive Testing



- **FMO will be responsible for execution of substantive testing efforts moving forward**
- **FMO will request command assistance for timely, accurate supporting documentation for transactions**
 - Substantive testing will require coordination across the enterprise with both large and small commands, located across the globe
 - The goal will be to provide timely, accurate support for randomly selected financial transactions
 - Due to the nature of a random sample, any command can “play”, but we can expect an emphasis to be placed on high dollar, as well as, frequent transactions



SBR and Existence & Completeness

Plan DON SBR Timeline

Navy General Fund		FY10		FY11				FY12				FY13				FY14				FY15				FY16				FY17				Legend
Statement Section	Assessable Unit	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4					
Budgetary Resources																																
	Appropriations Received																															
	Reimbursable Authority					5																										
Status/Change of Budgetary Resources																																
	Military Pay									2,3,5																						
	Civilian Pay																															
	Transportation of People	2,3,4,5																														
	MILSTRIP Orders					2,3,4,5																										
	Reimbursable Work Orders - Grantor					2,3,4,5																										
	Contracts					2,3,4,5																										
Net Outlays (incl. FBWT)											4,5	1																				
Financial Statement Compilation & Reporting											5																					
Complete SBR											5																					
Success Criteria / Key Capability 1 Implement FBWT reconciliation capability 2 Controls over recording obligations are effective 3 Controls over recording receipt of goods or services are effective 4 Controls over recording disbursements are effective 5 Supporting documentation is retained and available to meet audit standards Blank rows indicate either no FIP submitted or no assertion date given for an assessable unit.																																

DON E&C Timeline

Navy General Fund		FY10		FY11				FY12				FY13				FY14				FY15				FY16				FY17				Legend
Assessable Unit		3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	
Military Equipment - Aircraft	5																															
Military Equipment - Ships	5																															
Military Equipment - ICBMS	5																															
Military Equipment - Satellites	5																															
Military Equipment - Final Assertion																																
General Equipment																																
OM&S																																
Inventory																																
Real Property																																
Success Criteria / Key Capability																																
1 Physical inventories meet audit standards																4 Financial and management data is reliable and accurate in system of record																
2 Controls over recording asset acquisitions, disposals and transfers are effective																5 Implement process, control, and system improvements																
3 Supporting documentation is retained and available to meet audit standards																																

Note: Inventory is primarily Navy Working Capital Fund



DEPARTMENT OF THE NAVY
Financial Improvement Program

Know your business. Control your future.
Test for Success.

Tracking SBR Audit Readiness Progress

Command		1	2	3	4	5	6	Controls		8	9	10	11	12	13
STARS-HCM Commands								7							
1	NAVFAC														
2	NAVSEA (NavyERP QIFYI)														
3	ONR														
4	SSP														
STARS-FL Commands															
5	AAUSN														
6	BUMED														
7	BUPERS														
8	CNIC														
9	FFC														
10	FSA														
11	ONI														
12	PACFLT														
13	RESFOR														
14	SPECWARCOM														
Navy ERP Commands															
15	NAVAIR														
16	NAVSUP														
17	SPAWAR														
Other Commands															
18	NSMA														
19	FMB														

Key		
Definition	Scenario	
Control Effective		If the control is green (control has been tested and found to be effective) and an MOA Execution Plan <i>has not been submitted</i> , FMO will assign a date for Commands to submit their testing results.
		If the control is green (control has been tested and found to be effective) and an MOA Execution Plan <i>has been submitted</i> , FMO will use the Command-submitted MOA Execution Plan date for the next round of testing results.
Control Ineffective		If the control is yellow (control has been found to be ineffective and corrective action is necessary) and an MOA Execution Plan <i>has not been submitted</i> , the control will remain yellow and FMO will assign a date for Commands to submit their testing results.
		If the control is yellow (control has been found to be ineffective and corrective action is necessary) and an MOA Execution Plan <i>has been submitted</i> , FMO will use the Command-submitted MOA Execution Plan date for the next round of testing results.
Corrective Action/Testing Past due		If the control is red (testing results have not been submitted) and an MOA Execution Plan <i>has not been submitted</i> , the control will remain red.
		If the control is red (testing results are past due) and an MOA Execution Plan <i>has been submitted</i> , the control will remain red until testing results are submitted.
Initial Testing Results Pending		The control is blue if test results have been submitted and not yet reviewed or an MOA Execution Plan date for submitted testing results has not yet passed.

An example of the **Funds Receipt and Distribution** segment scorecard -
 Scorecards are used to track command progress of internal control testing for SBR priority segments 27